



HVS E-Newsletter, Asia Pacific

4 July 2003

NEWS Headlines for
Week Ending
4 July 2003

[World's highest ferris wheel in Singapore](#)

[Ascott to manage new serviced residence in Melbourne](#)

[Hong Kong to boost new Airline](#)

[JSI signs US\\$26million mortgage deal](#)

[Tabcorp acquires remaining stake in Star City Casino Management Company](#)

[Tourist arrivals to the Philippines down 12%](#)

[New Royal Park Hotel opens in Tokyo](#)

[International arrivals to Vietnam down 18%](#)

[Surfers Paradise Marriott Hotel sold](#)

[Ngo to incorporate Singapore Sheraton into Bonvests Holding](#)

[Six Senses and Hai Duong Tourist Company strengthen alliance](#)

[Hotel occupancy recovers in Malaysia](#)

[Hotel component of Taipei 101 building scrapped](#)

[Choice to expand its portfolio in India](#)

[Harilela Group explores Malaysian and Thai hotel markets](#)

[Medina takes over management of James Court Apartment](#)

[SIA and ATC join forces](#)

[UBS plans to acquire hotels in Mumbai and Bangalore](#)

[Major restructuring at TAT](#)

[No VAT on hotel rooms in Korea](#)

[SHARE PRICE PERFORMANCE](#)

World's highest ferris wheel in Singapore

30 June 2003 - In its quest to attract tourists, Singapore announced the development of a new attraction: the world highest ferris wheel. The 170-metre tall 'Singapore Flyer' will be located at the proposed Downtown@Marina Bay area and is scheduled for completion in the last quarter of 2005. According to the **Singapore Tourism Board**, this attraction is expected to attract 1.25 million new visitors in its first year of operations. Furthermore, the developer, **Melchers Project Management**, expects a total throughput of between 4 and 5 million people per annum. For reference, 7.5 million tourist visited Singapore in 2002.

Ascott to manage new serviced residence in Melbourne

30 June 2003 - **Ascott Group**, the serviced apartment arm of Singapore-based **Capitaland**, has signed a seven-year management agreement to manage a serviced residence in Melbourne. The 127-unit property, located at St. Kilda, will be managed under the Somerset brand. In the next few months, **Ascott** will also rebrand four existing properties totalling 260 units in Sydney, Hobart and Melbourne.

Hong Kong to boost new Airline

30 June 2003 - Despite the inauspicious environment for airlines in the region since the outbreak of SARS, **CR Airways**, a helicopter operator in Hong Kong, is expanding its activities to scheduled air flights. **CR Airways** will become the third Hong Kong-based commercial passenger airline, after **Cathay Pacific Airways** and **Dragon Airlines**. However, instead of competing directly with its two older rivals, **CR Airways** plans to run short-range flights to secondary destinations primarily in China, where scheduled direct flights are not available.

JSI signs US\$26million mortgage deal

30 June 2003 - **PT Jakarta Setiabudi Internasional (JSI)**, a property company with commercial, residential and hotel assets in Jakarta and Bali, has signed a US\$26 million commercial real estate mortgage deal. The deal, arranged, structured and sold by **Lehman Brothers**, sees JSI pool the cash flows of nine properties and then waterfall the rents down through the loan structure. Investors get 9.5% coupon and a three-year maturity with a 25-year amortization structure. The deal is rated 'A rating' by Fitch affiliated Kasnic Credit Rating Indonesia, compared to the company's corporate rating of 'BBB+'. The basis of this out-rating lies in the strong security measures built into the transaction. Moreover, at US\$26 million the loan is only 32% of the value of the collateral, which is worth US\$92 million.

Tabcorp acquires remaining stake in Star City Casino Management Company

1 July 2003 - Australia's **Tabcorp Holdings Ltd**, announced it agreed to acquire **Leighton Holdings Ltd's** 15% stake in the **Star City** casino management agreement for A\$53 million. Following the deal, **Tabcorp** will own 100% of Sydney Management Pty Ltd, the manager of the Star City casino in Sydney, which will give it 100% of the casino's management profits, the company said.

[Back to Top](#)

Tourist arrivals to the Philippines down 12%

1 July 2003 - Tourist arrivals to the Philippines declined by 12% in the first half year of 2003 compared to the same period last year. For the first six months of the year, 834,593 visited the country compared to 947,741 in 2002. Local tourism officials consider the SARS epidemic to be the main reason behind this decline and expect arrivals to rebound as soon as September thanks to strong marketing.

New Royal Park Hotel opens in Tokyo

1 July 2003 - The **Royal Park Shiodome Tower** hotel officially opened in Tokyo today. The five-star hotel is located in Minato ward, part of the new Shiodome development. It comprises 490 rooms, five food and beverage outlets and meeting facilities.

International arrivals to Vietnam down 18%

1 July 2003 - Accordingly to the **Vietnam Tourism Administration**, international tourist arrivals to Vietnam decreased by 18% during the first six months of 2003 compared to the same period last year, due to the outbreak of SARS. Furthermore, tourism revenue for the period also declined significantly by 30%, to US\$536 million.

Surfers Paradise Marriott Hotel sold

2 July 2003 - **Marriott International Inc.** sold the **Surfers Paradise Marriott Hotel** to the **Commonwealth Property Hotel Fund (CPHF)** for approximately A\$60 million or A\$180,000 per key. The 330-room hotel located at Surfers Paradise, Australia had been built for A\$200 million in 1992. **Marriott International** acquired it in 2000 for A\$63 million. The acquisition increases CPHF's hotel portfolio to four with a combined value of A\$360 million. The fund has a close relationship with Marriott, as it also owns the **Brisbane Marriott Hotel**, the **Melbourne Marriott Hotel** and **Sydney's Renaissance Hotel** (recently re-branded **Sydney Harbour Marriott Hotel**).

Ngo to incorporate Singapore Sheraton into Bonvests Holding

2 July 2003 - Henry Ngo, the chairman and managing director of **Bonvests Holdings**, plans to sell its 70% stake in **Richvein Pte Ltd**, the owning company of the **Sheraton Towers** hotel in Singapore to **Bonvests Holdings**. In return, Mr. Ngo will receive 62.7 million new shares in the company, which will increase his stake in **Bonvests Holdings** from 29.97% to 43.22%. The new shares are priced at 39 cents per share, valuing the 70% stake in Richvein at S\$24.4 million. This is a 71.8% discount to the adjusted consolidated net tangible assets of Richvein.

Six Senses and Hai Duong Tourist Company strengthen alliance

2 July 2003 - **Hai Duong Tourist Company (HDTC)** and **Six Senses Hotels Resorts & Spas**, respectively the owning and the management companies of the **Ana Mandara Resort** in Nha Trang, Vietnam, have agreed to strengthen their relationship. Six Senses will manage HDTC's villa complex in Ninh Van Bay as well as HDTC's 50-room resort in Dalat.

Hotel occupancy recovers in Malaysia

2 July 2003 - Hotel market-wide occupancy in Malaysia has increased from 43% in May to 51% in June 2003 thanks to the new economic stimulus package launched in May. The Malaysian government expects the package could drive an annual growth of 4.5% in 2003.

[Back to Top](#)

Hotel component of Taipei 101 building scrapped

2 July 2003 - The owner of the Taipei 101 building, currently under construction and expected to be Asia's tallest office building when completed next year, has scrapped plans to include a 300-room hotel in the building. According to the developer, the plan was cancelled due to the high cost and structural issues associated with hotel development and management.

Choice to expand its portfolio in India

3 July 2003 - **Choice Hospitality India Private Ltd** is planning to expand its operation in India by adding 25 hotels to its portfolio within the next 12 months. According to Mr. GS Chenny, vice-president of the company, the group is in negotiation for projects in Pune, Vijayawada, Vizag, Bangalore and Tiruvanathapuram. Currently, the chain manages and operates 24 hotels in India under the **Comfort Inn**, **Sleep Inn** and **Quality Inn** brands.

Harilela Group explores Malaysian and Thai hotel markets

3 July 2003 - Hong Kong-based **Harilela Group** plans to foray into the Malaysian and Thai hotel markets. In Kuala Lumpur, the group considers to establish a 300 to 400-room hotel with a total initial investment in the region of US\$35 million. Furthermore in Thailand, the group considers investing up to US\$40 million to set up two hotels in Pattaya and Phuket.

Medina takes over management of James Court Apartment

3 July 2003 - **The Medina serviced apartment group**, which manage over 20 service apartments across Australia, has taken over the management of the **James Court Apartment Hotel**. The 150-unit property, located in Canberra, will be re-branded **Medina Executive James Court**.

SIA and ATC join forces

3 July 2003 - **Singapore Airlines (SIA)** and the **Australian Tourist Commission** have launched a joint promotional campaign whereas SIA will offer discounted airfares to travel to Australia. The campaign will be publicised primarily through television channel and on the internet. The campaign is expected to reach 90 million consumers from Southeast Asia, Hong Kong, Japan, Korea, India and China.

UBS plans to acquire hotels in Mumbai and Bangalore

4 July 2003 - **United Business Solutions (UBS)**, a joint venture between the **Delhi-based Nanda** family and **Hamilton of Dubai**, is planning to invest as much as Rs.200 crore to acquire hotels in Mumbai and Bangalore. This follows Hamilton's recent acquisition of the **Claridges** chain of hotels for Rs.96 crore.

Major restructuring at TAT

4 July 2003 - **The Tourism Authority of Thailand (TAT)** is to undergo a major restructuring to improve the way it markets the Thai tourism industry, both domestically and internationally. TAT will divide the organisation into 5 departments including 1 department responsible for setting up the policies and marketing plans; 2 departments responsible for implementing the marketing plans; 1 department responsible for advertising and public relations activities and 1 administration department. In this new structure, TAT anticipates to be more efficient, in particular to respond to crises.

[Back to Top](#)

No VAT on hotel rooms
in Korea

4 July 2003 – The Korea National Tourism Organization (KNTO) announced the exemption of value added tax (VAT) on hotel rooms will be extended for foreign travellers until the end of 2003. The decision was made to support tourism-related industries due to the negative effects of the War in Iraq and SARS on tourism.

[Back to Top](#)

Absolute Share Price Performance, as at 4 July, 2003

Closing Share Price as at	Friday July 4, 2003	Friday June 27, 2003	% Change
<i>Singapore Stock Exchange (S\$)</i>			
CDL	4.50	4.52	-0.4%
Hotel Grand Central Ltd	0.37	0.34	7.4%
Hotel Plaza Ltd	0.56	0.55	1.8%
Hotel Properties Ltd	1.08	1.08	0.0%
Mandarin Oriental International Ltd	0.41	0.39	3.8%
Raffles Holdings Ltd	0.49	0.46	5.4%
Shangri-La Asia Ltd	5.40	4.85	11.3%
<i>Hong Kong Stock Exchange (HK\$)</i>			
Miramar Hotel International Ltd	5.90	5.90	0.0%
Regal Hotels International Holdings Ltd	0.05	0.05	4.1%
Sino Hotels Holdings Ltd	1.28	1.30	-1.5%
The Hong Kong & Shanghai Hotels Ltd	3.78	3.60	4.9%
<i>Bangkok Stock Exchange (THB)</i>			
Central Plaza Hotel Public Co. Ltd	24.10	23.40	3.0%
Dusit Thani Public Co. Ltd	41.00	40.00	2.5%
Laguna Resorts & Hotels Public Co. Ltd	48.00	46.00	4.3%
Rajadamri Hotel Public Co. Ltd	42.00	41.25	1.8%
Royal Garden Resort Public Co. Ltd	10.40	9.80	6.1%
<i>Kuala Lumpur Stock Exchange (MYR)</i>			
Faber Group Berhad	0.29	0.25	16.0%
Grand Central Enterprises Berhad	0.54	0.52	4.9%
Landmarks Berhad	0.47	0.45	4.4%
<i>Australia Stock Exchange (ASX)</i>			
Australian Hotel Fund	0.35	0.34	2.9%
Breakfree Ltd	1.44	1.13	27.4%
Club Corcodile Holdings Ltd	0.18	0.18	0.0%
Fortland Hotel Property Trust	0.13	0.14	-7.1%
General Property Trust	2.96	2.99	-1.0%
Grand Hotel Group	0.49	0.48	1.0%
Hamilton Island Ltd	2.78	2.77	0.4%
Koala Corporation Australia Ltd	0.20	0.20	0.0%
Mirvac Group	4.56	4.52	0.9%
Park Plaza Kemayan Ltd	0.02	0.02	0.0%
Port Douglas Reef Resorts Ltd	0.09	0.09	0.0%
S8 Ltd	2.05	2.13	-3.8%
Stockland	5.12	5.14	-0.4%
Sundowner Group	0.12	0.10	20.0%
Thakral Holdings Group	0.60	0.60	0.0%
Tourism and Leisure Trust	0.52	0.55	-5.5%

[Back to Top](#)



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